



# MARAD FACT SHEET

## Shipbuilding



**America's Advocate for the Maritime Industry**



**Product Tanker**



**ATB**



**Ferry**



**Power Barge**



**Drill Rig**

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The Office of the Associate Administrator for Shipbuilding is responsible for implementing MARAD's strategic shipbuilding goal of enhancing the competitiveness of the U.S. shipyard industry, including repair and related industries.

Five principal program areas addressing this goal are:

- o Title XI Loan Guarantee Program*
- o National Marine Resource & Education Center*
- o Capital Construction Fund*
- o Construction Reserve Fund*
- o Maritime Energy & Clean Emissions Program*

**MARAD's Shipbuilding Programs & Initiatives**

**Title XI Loan Guarantee Program.** Administered by the Secretary of Transportation through the Maritime Administrator, the program provides for a full-faith and credit guarantee by the U.S. Government of debt obligations issued by U.S. or foreign shipowners for the purpose of financing or refinancing either U.S.-flag vessels or eligible export vessels constructed, reconstructed, or reconditioned in U.S. shipyards; or by U.S. shipyards for the purpose of financing advanced shipbuilding technology. In FY 2002, Title XI applications totaling \$225 million in loan guarantees were approved for projects covering construction of 22 vessels.

**National Maritime Resource and Education Center.** MARAD established the center as the Government's commercial shipbuilding advocate designed to assist U.S. shipbuilding and allied industries in improving their competitiveness in the international commercial market. NMREC's principal missions are to promote elimination of unnecessary regulation, encourage development and use of consensus technical standards for the maritime industry, and support U.S. participation in both national and international standards-writing organizations. Under NMREC, the agency also established the Marine Industry Standards Library to provide technical assistance to U.S. shipbuilders, ship repair facilities, and marine equipment suppliers in obtaining and using copies of domestic and international industry standards. The center also sponsors conferences to assist the agency in engaging in outreach efforts to the shipbuilding industry by providing information and market leads to foster international sales.

**Capital Construction Fund.** The program assists operators in accumulating capital to build, acquire, and reconstruct vessels through the deferral of Federal income taxes. The fund enables operators to build vessels for the U.S. foreign trade, Great Lakes, noncontiguous domestic trade, and the fisheries of the United States. Since the program was initiated in 1971, fund holders have deposited \$7.9 billion in CCF accounts, and withdrawn \$5.8 billion for the modernization and expansion of the U.S. merchant marine. During calendar year 2001, \$336.6 million was deposited into these accounts. Approximately 139 companies were parties to CCF agreements as of 12/31/01.

**Construction Reserve Fund.** The CRF encourages upgrading of the American-flag fleet. The program allows eligible parties to defer taxation of capital gains on the sale or other disposition of a vessel if net proceeds are placed in a CRF and reinvested in a new vessel within three years. The CRF is used predominantly by owners of vessels operating in coastwise trades, the inland waterways, and other trades not eligible for the CCF program. During 2001, 22 companies participated in the CRF with total deposits of \$44.3 million.

**Maritime Energy and Clean Emissions Program.** This program is designed to accelerate the implementation of energy efficiency and exhaust emission reduction technology through partnerships with the U.S. maritime industry. A five-year program was developed in 2001 and the program contains three major elements: technology demonstration projects, studies, and industry outreach. The primary objective of the program is to demonstrate that air emissions can be reduced by 90 percent by 2005.